
HOUSE BILL 2239

State of Washington 60th Legislature 2007 Regular Session

By Representatives Takko, Orcutt, Blake, Curtis and Williams

Read first time 02/14/2007. Referred to Committee on Finance.

1 AN ACT Relating to the sales and use taxation of grain elevators;
2 amending RCW 82.08.820, 82.08.820, 82.08.820, 82.12.820, 82.12.820, and
3 82.12.820; providing effective dates; providing expiration dates; and
4 declaring an emergency.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 82.08.820 and 2006 c 354 s 10 are each amended to read
7 as follows:

8 (1) Wholesalers or third-party warehouseurs who own or operate
9 warehouses ((~~or~~)), grain elevators, or grain exporting facilities, and
10 retailers who own or operate distribution centers, and who have paid
11 the tax levied by RCW 82.08.020 on:

12 (a) Material-handling and racking equipment, grain exporting
13 facility equipment, and labor and services rendered in respect to
14 installing, repairing, cleaning, altering, or improving the equipment;
15 or

16 (b) Construction of a warehouse ((~~or~~)), grain elevator, or grain
17 exporting facility, including materials, and including service and
18 labor costs,

1 are eligible for an exemption in the form of a remittance. The amount
2 of the remittance is computed under subsection (3) of this section and
3 is based on the state share of sales tax.

4 (2) For purposes of this section and RCW 82.12.820:

5 (a) "Agricultural products" has the meaning given in RCW 82.04.213;

6 (b) "Construction" means the actual construction of a warehouse
7 ~~((or)),~~ grain elevator, or grain exporting facility that did not exist
8 before the construction began. "Construction" includes expansion if
9 the expansion adds at least two hundred thousand square feet of
10 additional space to an existing warehouse or additional storage
11 capacity of at least one million bushels to an existing grain elevator
12 or grain exporting facility. "Construction" does not include
13 renovation, remodeling, or repair;

14 (c) "Department" means the department of revenue;

15 (d) "Distribution center" means a warehouse that is used
16 exclusively by a retailer solely for the storage and distribution of
17 finished goods to retail outlets of the retailer. "Distribution
18 center" does not include a warehouse at which retail sales occur;

19 (e) "Finished goods" means tangible personal property intended for
20 sale by a retailer or wholesaler. "Finished goods" does not include
21 agricultural products stored by wholesalers, third-party warehouses, or
22 retailers if the storage takes place on the land of the person who
23 produced the agricultural product. "Finished goods" does not include
24 logs, minerals, petroleum, gas, or other extracted products stored as
25 raw materials or in bulk;

26 (f) "Grain elevator" means a structure used for storage and
27 handling of grain in bulk;

28 (g) "Grain exporting facility" means one or more contiguous parcels
29 of real property with one or more grain exporting facility structures
30 constructed after January 1, 2007, with a total bushel capacity in
31 excess of three million;

32 (h) "Grain exporting facility equipment" means equipment primarily
33 used to handle, store, organize, or convey grain, oil seeds, and
34 byproducts thereof in bulk to, from, or within grain exporting facility
35 structures and includes but is not limited to: Conveyers, samplers,
36 air compressors, quality analyzing equipment, barge legs, cranes,
37 hoists, mechanical arms, and robots, mechanized systems, automated
38 handling, storage, and conveyer systems, including computers, software,

1 and other hardware that control them, forklifts and other off-the-road
2 vehicles that are used to lift or move tangible personal property and
3 that cannot be operated legally on roads and streets, worker and
4 environmental safety equipment, conditioning equipment used to maintain
5 quality, and other equipment used to receive, convey, or discharge
6 grain, oil seeds, and byproducts thereof via means of waterborne, rail,
7 highway, or intermodal transport. The term includes tangible personal
8 property with a useful life of one year or more that becomes an
9 ingredient or component of the equipment, including repair and
10 replacement parts. The term does not include equipment in offices,
11 lunchrooms, restrooms, and other like space or equipment used for
12 nongrain exporting facility equipment purposes;

13 (i) "Grain exporting facility structure" means storage silos,
14 tanks, conveyers, scale towers, bins, electrical improvements, scales,
15 foundations and supports, off-load pits, rails and railbeds, and other
16 buildings primarily used to handle, store, organize, or convey grain,
17 oil seeds, and byproducts thereof in bulk. Office space, lunchrooms,
18 restrooms, roads, bridges, maintenance buildings, and other space
19 necessary for the operation of the grain exporting facility are
20 considered part of the grain exporting facility structures as are
21 loading docks and other such space or structures attached or adjacent
22 to the conveyers and used for handling of grain, oil seeds, and
23 byproducts thereof. A structure may have more than one storage area.
24 Landscaping and parking lots are not considered part of the grain
25 exporting facility structure. A storage yard is not a grain exporting
26 facility structure, nor is a structure in which manufacturing takes
27 place;

28 (j) "Material-handling equipment and racking equipment" means
29 equipment in a warehouse or grain elevator that is primarily used to
30 handle, store, organize, convey, package, or repackage finished goods.
31 The term includes tangible personal property with a useful life of one
32 year or more that becomes an ingredient or component of the equipment,
33 including repair and replacement parts. The term does not include
34 equipment in offices, lunchrooms, restrooms, and other like space,
35 within a warehouse or grain elevator, or equipment used for
36 nonwarehousing purposes. "Material-handling equipment" includes but is
37 not limited to: Conveyers, carousels, lifts, positioners, pick-up-and-
38 place units, cranes, hoists, mechanical arms, and robots; mechanized

1 systems, including containers that are an integral part of the system,
2 whose purpose is to lift or move tangible personal property; and
3 automated handling, storage, and retrieval systems, including computers
4 that control them, whose purpose is to lift or move tangible personal
5 property; and forklifts and other off-the-road vehicles that are used
6 to lift or move tangible personal property and that cannot be operated
7 legally on roads and streets. "Racking equipment" includes, but is not
8 limited to, conveying systems, chutes, shelves, racks, bins, drawers,
9 pallets, and other containers and storage devices that form a necessary
10 part of the storage system;

11 ~~((+h))~~ (k) "Person" has the meaning given in RCW 82.04.030;

12 ~~((+i))~~ (l) "Retailer" means a person who makes "sales at retail"
13 as defined in chapter 82.04 RCW of tangible personal property;

14 ~~((+j))~~ (m) "Square footage" means the product of the two
15 horizontal dimensions of each floor of a specific warehouse. The
16 entire footprint of the warehouse shall be measured in calculating the
17 square footage, including space that juts out from the building profile
18 such as loading docks. "Square footage" does not mean the aggregate of
19 the square footage of more than one warehouse at a location or the
20 aggregate of the square footage of warehouses at more than one
21 location;

22 ~~((+k))~~ (n) "Third-party warehouse" means a person taxable under
23 RCW 82.04.280(4);

24 ~~((+l))~~ (o) "Warehouse" means an enclosed building or structure in
25 which finished goods are stored. A warehouse building or structure may
26 have more than one storage room and more than one floor. Office space,
27 lunchrooms, restrooms, and other space within the warehouse and
28 necessary for the operation of the warehouse are considered part of the
29 warehouse as are loading docks and other such space attached to the
30 building and used for handling of finished goods. Landscaping and
31 parking lots are not considered part of the warehouse. A storage yard
32 is not a warehouse, nor is a building in which manufacturing takes
33 place; and

34 ~~((+m))~~ (p) "Wholesaler" means a person who makes "sales at
35 wholesale" as defined in chapter 82.04 RCW of tangible personal
36 property, but "wholesaler" does not include a person who makes sales
37 exempt under RCW 82.04.330.

1 (3)(a) A person claiming an exemption from state tax in the form of
2 a remittance under this section must pay the tax imposed by RCW
3 82.08.020. The buyer may then apply to the department for remittance
4 of all or part of the tax paid under RCW 82.08.020. For grain
5 elevators with bushel capacity of one million but less than two
6 million, the remittance is equal to fifty percent of the amount of tax
7 paid. For warehouses with square footage of two hundred thousand or
8 more and for grain elevators with bushel capacity of two million or
9 more, the remittance is equal to one hundred percent of the amount of
10 tax paid for qualifying construction, materials, service, and labor,
11 and fifty percent of the amount of tax paid for qualifying material-
12 handling equipment and racking equipment, and labor and services
13 rendered in respect to installing, repairing, cleaning, altering, or
14 improving the equipment. For grain exporting facilities with bushel
15 capacity in excess of three million, the remittance is equal to one
16 hundred percent of the amount of tax paid on grain exporting facility
17 equipment and grain exporting facility structures.

18 (b) The department shall determine eligibility under this section
19 based on information provided by the buyer and through audit and other
20 administrative records. The buyer shall on a quarterly basis submit an
21 information sheet, in a form and manner as required by the department
22 by rule, specifying the amount of exempted tax claimed and the
23 qualifying purchases or acquisitions for which the exemption is
24 claimed. The buyer shall retain, in adequate detail to enable the
25 department to determine whether the equipment or construction meets the
26 criteria under this section: Invoices; proof of tax paid; documents
27 describing the material-handling equipment and racking equipment and
28 grain exporting facility equipment; location and size of warehouses
29 ~~((and))~~, grain elevators, and grain exporting facilities; and
30 construction invoices and documents.

31 (c) The department shall on a quarterly basis remit exempted
32 amounts to qualifying persons who submitted applications during the
33 previous quarter.

34 (4) Warehouses, grain elevators, ~~((and))~~ grain exporting
35 facilities, material-handling equipment and racking equipment, and
36 grain exporting facility equipment for which an exemption, credit, or
37 deferral has been or is being received under chapter 82.60, 82.62, or
38 82.63 RCW or RCW 82.08.02565 or 82.12.02565 are not eligible for any

1 remittance under this section. (~~Warehouses and grain elevators upon~~
2 ~~which construction was initiated before May 20, 1997, are not eligible~~
3 ~~for a remittance under this section.))~~

4 (5) The lessor or owner of a warehouse (~~(\u00d7)~~) grain elevator, or
5 grain exporting facility is not eligible for a remittance under this
6 section unless the underlying ownership of the warehouse (~~(\u00d7)~~) grain
7 elevator, or grain exporting facility, and the material-handling
8 equipment and racking equipment and grain exporting facility equipment
9 vests exclusively in the same person, or unless the lessor by written
10 contract agrees to pass the economic benefit of the remittance to the
11 lessee in the form of reduced rent payments.

12 **Sec. 2.** RCW 82.08.820 and 2006 c 354 s 11 are each amended to read
13 as follows:

14 (1) Wholesalers or third-party warehouse owners who own or operate
15 warehouses (~~(\u00d7)~~) grain elevators, or grain exporting facilities and
16 retailers who own or operate distribution centers, and who have paid
17 the tax levied by RCW 82.08.020 on:

18 (a) Material-handling and racking equipment, grain exporting
19 facility equipment, and labor and services rendered in respect to
20 installing, repairing, cleaning, altering, or improving the equipment;
21 or

22 (b) Construction of a warehouse (~~(\u00d7)~~) grain elevator, or grain
23 exporting facility, including materials, and including service and
24 labor costs,
25 are eligible for an exemption in the form of a remittance. The amount
26 of the remittance is computed under subsection (3) of this section and
27 is based on the state share of sales tax.

28 (2) For purposes of this section and RCW 82.12.820:

29 (a) "Agricultural products" has the meaning given in RCW 82.04.213;

30 (b) "Cold storage warehouse" has the meaning provided in RCW
31 82.74.010;

32 (c) "Construction" means the actual construction of a warehouse
33 (~~(\u00d7)~~) grain elevator, or grain exporting facility that did not exist
34 before the construction began. "Construction" includes expansion if
35 the expansion adds at least twenty-five thousand square feet of
36 additional space to an existing cold storage warehouse, at least two
37 hundred thousand square feet of additional space to an existing

1 warehouse other than a cold storage warehouse, or additional storage
2 capacity of at least one million bushels to an existing grain elevator
3 or grain exporting facility. "Construction" does not include
4 renovation, remodeling, or repair;

5 (d) "Department" means the department of revenue;

6 (e) "Distribution center" means a warehouse that is used
7 exclusively by a retailer solely for the storage and distribution of
8 finished goods to retail outlets of the retailer. "Distribution
9 center" does not include a warehouse at which retail sales occur;

10 (f) "Finished goods" means tangible personal property intended for
11 sale by a retailer or wholesaler. "Finished goods" does not include
12 agricultural products stored by wholesalers, third-party warehouses, or
13 retailers if the storage takes place on the land of the person who
14 produced the agricultural product. "Finished goods" does not include
15 logs, minerals, petroleum, gas, or other extracted products stored as
16 raw materials or in bulk;

17 (g) "Grain elevator" means a structure used for storage and
18 handling of grain in bulk;

19 (h) "Grain exporting facility" means one or more contiguous parcels
20 of real property with one or more grain exporting facility structures
21 constructed after January 1, 2007, with a total bushel capacity in
22 excess of three million;

23 (i) "Grain exporting facility equipment" means equipment primarily
24 used to handle, store, organize, or convey grain, oil seeds, and
25 byproducts thereof in bulk to, from, or within grain exporting facility
26 structures and includes but is not limited to: Conveyers, samplers,
27 air compressors, quality analyzing equipment, barge legs, cranes,
28 hoists, mechanical arms, and robots, mechanized systems, automated
29 handling, storage, and conveyer systems, including computers, software,
30 and other hardware that control them, forklifts and other off-the-road
31 vehicles that are used to lift or move tangible personal property and
32 that cannot be operated legally on roads and streets, worker and
33 environmental safety equipment, conditioning equipment used to maintain
34 quality, and other equipment used to receive, convey, or discharge
35 grain, oil seeds, and byproducts thereof via means of waterborne, rail,
36 highway, or intermodal transport. The term includes tangible personal
37 property with a useful life of one year or more that becomes an
38 ingredient or component of the equipment, including repair and

1 replacement parts. The term does not include equipment in offices,
2 lunchrooms, restrooms, and other like space or equipment used for
3 nongrain exporting facility equipment purposes;

4 (j) "Grain exporting facility structure" means storage silos,
5 tanks, conveyers, scale towers, bins, electrical improvements, scales,
6 foundations and supports, off-load pits, rails and railbeds, and other
7 buildings primarily used to handle, store, organize, or convey grain,
8 oil seeds, and byproducts thereof in bulk. Office space, lunchrooms,
9 restrooms, roads, bridges, maintenance buildings, and other space
10 necessary for the operation of the grain exporting facility are
11 considered part of the grain exporting facility structures as are
12 loading docks and other such space or structures attached or adjacent
13 to the conveyers and used for handling of grain, oil seeds, and
14 byproducts thereof. A structure may have more than one storage area.
15 Landscaping and parking lots are not considered part of the grain
16 exporting facility structure. A storage yard is not a grain exporting
17 facility structure, nor is a structure in which manufacturing takes
18 place;

19 (k) "Material-handling equipment and racking equipment" means
20 equipment in a warehouse or grain elevator that is primarily used to
21 handle, store, organize, convey, package, or repackage finished goods.
22 The term includes tangible personal property with a useful life of one
23 year or more that becomes an ingredient or component of the equipment,
24 including repair and replacement parts. The term does not include
25 equipment in offices, lunchrooms, restrooms, and other like space,
26 within a warehouse or grain elevator, or equipment used for
27 nonwarehousing purposes. "Material-handling equipment" includes but is
28 not limited to: Conveyers, carousels, lifts, positioners, pick-up-and-
29 place units, cranes, hoists, mechanical arms, and robots; mechanized
30 systems, including containers that are an integral part of the system,
31 whose purpose is to lift or move tangible personal property; and
32 automated handling, storage, and retrieval systems, including computers
33 that control them, whose purpose is to lift or move tangible personal
34 property; and forklifts and other off-the-road vehicles that are used
35 to lift or move tangible personal property and that cannot be operated
36 legally on roads and streets. "Racking equipment" includes, but is not
37 limited to, conveying systems, chutes, shelves, racks, bins, drawers,

1 pallets, and other containers and storage devices that form a necessary
2 part of the storage system;

3 ~~((i))~~ (l) "Person" has the meaning given in RCW 82.04.030;

4 ~~((j))~~ (m) "Retailer" means a person who makes "sales at retail"
5 as defined in chapter 82.04 RCW of tangible personal property;

6 ~~((k))~~ (n) "Square footage" means the product of the two
7 horizontal dimensions of each floor of a specific warehouse. The
8 entire footprint of the warehouse shall be measured in calculating the
9 square footage, including space that juts out from the building profile
10 such as loading docks. "Square footage" does not mean the aggregate of
11 the square footage of more than one warehouse at a location or the
12 aggregate of the square footage of warehouses at more than one
13 location;

14 ~~((l))~~ (o) "Third-party warehouse" means a person taxable under
15 RCW 82.04.280(4);

16 ~~((m))~~ (p) "Warehouse" means an enclosed building or structure in
17 which finished goods are stored. A warehouse building or structure may
18 have more than one storage room and more than one floor. Office space,
19 lunchrooms, restrooms, and other space within the warehouse and
20 necessary for the operation of the warehouse are considered part of the
21 warehouse as are loading docks and other such space attached to the
22 building and used for handling of finished goods. Landscaping and
23 parking lots are not considered part of the warehouse. A storage yard
24 is not a warehouse, nor is a building in which manufacturing takes
25 place; and

26 ~~((n))~~ (q) "Wholesaler" means a person who makes "sales at
27 wholesale" as defined in chapter 82.04 RCW of tangible personal
28 property, but "wholesaler" does not include a person who makes sales
29 exempt under RCW 82.04.330.

30 (3)(a) A person claiming an exemption from state tax in the form of
31 a remittance under this section must pay the tax imposed by RCW
32 82.08.020. The buyer may then apply to the department for remittance
33 of all or part of the tax paid under RCW 82.08.020. For grain
34 elevators with bushel capacity of one million but less than two
35 million, the remittance is equal to fifty percent of the amount of tax
36 paid. For warehouses with square footage of two hundred thousand or
37 more, other than cold storage warehouses, and for grain elevators with
38 bushel capacity of two million or more, the remittance is equal to one

1 hundred percent of the amount of tax paid for qualifying construction,
2 materials, service, and labor, and fifty percent of the amount of tax
3 paid for qualifying material-handling equipment and racking equipment,
4 and labor and services rendered in respect to installing, repairing,
5 cleaning, altering, or improving the equipment. For cold storage
6 warehouses with square footage of twenty-five thousand or more, the
7 remittance is equal to one hundred percent of the amount of tax paid
8 for qualifying construction, materials, service, and labor, and one
9 hundred percent of the amount of tax paid for qualifying material-
10 handling equipment and racking equipment, and labor and services
11 rendered in respect to installing, repairing, cleaning, altering, or
12 improving the equipment. For grain exporting facilities with bushel
13 capacity in excess of three million, the remittance is equal to one
14 hundred percent of the amount of tax paid on grain exporting facility
15 equipment and grain exporting facility structures.

16 (b) The department shall determine eligibility under this section
17 based on information provided by the buyer and through audit and other
18 administrative records. The buyer shall on a quarterly basis submit an
19 information sheet, in a form and manner as required by the department
20 by rule, specifying the amount of exempted tax claimed and the
21 qualifying purchases or acquisitions for which the exemption is
22 claimed. The buyer shall retain, in adequate detail to enable the
23 department to determine whether the equipment or construction meets the
24 criteria under this section: Invoices; proof of tax paid; documents
25 describing the material-handling equipment and racking equipment and
26 grain exporting facility equipment; location and size of warehouses
27 ~~((and))~~, grain elevators, and grain exporting facilities; and
28 construction invoices and documents.

29 (c) The department shall on a quarterly basis remit exempted
30 amounts to qualifying persons who submitted applications during the
31 previous quarter.

32 (4) Warehouses, grain elevators, ~~((and))~~ grain exporting
33 facilities, material-handling equipment and racking equipment, and
34 grain exporting facility equipment for which an exemption, credit, or
35 deferral has been or is being received under chapter 82.60, 82.62, or
36 82.63 RCW or RCW 82.08.02565 or 82.12.02565 are not eligible for any
37 remittance under this section. ~~((Warehouses and grain elevators upon~~

1 ~~which construction was initiated before May 20, 1997, are not eligible~~
2 ~~for a remittance under this section.))~~

3 (5) The lessor or owner of a warehouse ((~~or~~)), grain elevator, or
4 grain exporting facility is not eligible for a remittance under this
5 section unless the underlying ownership of the warehouse ((~~or~~)), grain
6 elevator, or grain exporting facility, and the material-handling
7 equipment and racking equipment and grain exporting facility equipment
8 vests exclusively in the same person, or unless the lessor by written
9 contract agrees to pass the economic benefit of the remittance to the
10 lessee in the form of reduced rent payments.

11 **Sec. 3.** RCW 82.08.820 and 2006 c 354 s 12 are each amended to read
12 as follows:

13 (1) Wholesalers or third-party warehouse owners who own or operate
14 warehouses ((~~or~~)), grain elevators, or grain exporting facilities and
15 retailers who own or operate distribution centers, and who have paid
16 the tax levied by RCW 82.08.020 on:

17 (a) Material-handling and racking equipment, grain exporting
18 facility equipment, and labor and services rendered in respect to
19 installing, repairing, cleaning, altering, or improving the equipment;
20 or

21 (b) Construction of a warehouse ((~~or~~)), grain elevator, or grain
22 exporting facility, including materials, and including service and
23 labor costs,
24 are eligible for an exemption in the form of a remittance. The amount
25 of the remittance is computed under subsection (3) of this section and
26 is based on the state share of sales tax.

27 (2) For purposes of this section and RCW 82.12.820:

28 (a) "Agricultural products" has the meaning given in RCW 82.04.213;

29 (b) "Construction" means the actual construction of a warehouse
30 ((~~or~~)), grain elevator, or grain exporting facility that did not exist
31 before the construction began. "Construction" includes expansion if
32 the expansion adds at least two hundred thousand square feet of
33 additional space to an existing warehouse or additional storage
34 capacity of at least one million bushels to an existing grain elevator
35 or grain exporting facility. "Construction" does not include
36 renovation, remodeling, or repair;

37 (c) "Department" means the department of revenue;

1 (d) "Distribution center" means a warehouse that is used
2 exclusively by a retailer solely for the storage and distribution of
3 finished goods to retail outlets of the retailer. "Distribution
4 center" does not include a warehouse at which retail sales occur;

5 (e) "Finished goods" means tangible personal property intended for
6 sale by a retailer or wholesaler. "Finished goods" does not include
7 agricultural products stored by wholesalers, third-party warehouses, or
8 retailers if the storage takes place on the land of the person who
9 produced the agricultural product. "Finished goods" does not include
10 logs, minerals, petroleum, gas, or other extracted products stored as
11 raw materials or in bulk;

12 (f) "Grain elevator" means a structure used for storage and
13 handling of grain in bulk;

14 (g) "Grain exporting facility" means one or more contiguous parcels
15 of real property with one or more grain exporting facility structures
16 constructed after January 1, 2007, with a total bushel capacity in
17 excess of three million;

18 (h) "Grain exporting facility equipment" means equipment primarily
19 used to handle, store, organize, or convey grain, oil seeds, and
20 byproducts thereof in bulk to, from, or within grain exporting facility
21 structures and includes but is not limited to: Conveyers, samplers,
22 air compressors, quality analyzing equipment, barge legs, cranes,
23 hoists, mechanical arms, and robots, mechanized systems, automated
24 handling, storage, and conveyer systems, including computers, software,
25 and other hardware that control them, forklifts and other off-the-road
26 vehicles that are used to lift or move tangible personal property and
27 that cannot be operated legally on roads and streets, worker and
28 environmental safety equipment, conditioning equipment used to maintain
29 quality, and other equipment used to receive, convey, or discharge
30 grain, oil seeds, and byproducts thereof via means of waterborne, rail,
31 highway, or intermodal transport. The term includes tangible personal
32 property with a useful life of one year or more that becomes an
33 ingredient or component of the equipment, including repair and
34 replacement parts. The term does not include equipment in offices,
35 lunchrooms, restrooms, and other like space or equipment used for
36 nongrain exporting facility equipment purposes;

37 (i) "Grain exporting facility structure" means storage silos,
38 tanks, conveyers, scale towers, bins, electrical improvements, scales,

1 foundations and supports, off-load pits, rails and railbeds, and other
2 buildings primarily used to handle, store, organize, or convey grain,
3 oil seeds, and byproducts thereof in bulk. Office space, lunchrooms,
4 restrooms, roads, bridges, maintenance buildings, and other space
5 necessary for the operation of the grain exporting facility are
6 considered part of the grain exporting facility structures as are
7 loading docks and other such space or structures attached or adjacent
8 to the conveyers and used for handling of grain, oil seeds, and
9 byproducts thereof. A structure may have more than one storage area.
10 Landscaping and parking lots are not considered part of the grain
11 exporting facility structure. A storage yard is not a grain exporting
12 facility structure, nor is a structure in which manufacturing takes
13 place;

14 (j) "Material-handling equipment and racking equipment" means
15 equipment in a warehouse or grain elevator that is primarily used to
16 handle, store, organize, convey, package, or repackage finished goods.
17 The term includes tangible personal property with a useful life of one
18 year or more that becomes an ingredient or component of the equipment,
19 including repair and replacement parts. The term does not include
20 equipment in offices, lunchrooms, restrooms, and other like space,
21 within a warehouse or grain elevator, or equipment used for
22 nonwarehousing purposes. "Material-handling equipment" includes but is
23 not limited to: Conveyers, carousels, lifts, positioners, pick-up-and-
24 place units, cranes, hoists, mechanical arms, and robots; mechanized
25 systems, including containers that are an integral part of the system,
26 whose purpose is to lift or move tangible personal property; and
27 automated handling, storage, and retrieval systems, including computers
28 that control them, whose purpose is to lift or move tangible personal
29 property; and forklifts and other off-the-road vehicles that are used
30 to lift or move tangible personal property and that cannot be operated
31 legally on roads and streets. "Racking equipment" includes, but is not
32 limited to, conveying systems, chutes, shelves, racks, bins, drawers,
33 pallets, and other containers and storage devices that form a necessary
34 part of the storage system;

35 ((+h)) (k) "Person" has the meaning given in RCW 82.04.030;

36 ((+i)) (l) "Retailer" means a person who makes "sales at retail"
37 as defined in chapter 82.04 RCW of tangible personal property;

1 (~~(j)~~) (m) "Square footage" means the product of the two
2 horizontal dimensions of each floor of a specific warehouse. The
3 entire footprint of the warehouse shall be measured in calculating the
4 square footage, including space that juts out from the building profile
5 such as loading docks. "Square footage" does not mean the aggregate of
6 the square footage of more than one warehouse at a location or the
7 aggregate of the square footage of warehouses at more than one
8 location;

9 (~~(k)~~) (n) "Third-party warehouse" means a person taxable under
10 RCW 82.04.280(4);

11 (~~(l)~~) (o) "Warehouse" means an enclosed building or structure in
12 which finished goods are stored. A warehouse building or structure may
13 have more than one storage room and more than one floor. Office space,
14 lunchrooms, restrooms, and other space within the warehouse and
15 necessary for the operation of the warehouse are considered part of the
16 warehouse as are loading docks and other such space attached to the
17 building and used for handling of finished goods. Landscaping and
18 parking lots are not considered part of the warehouse. A storage yard
19 is not a warehouse, nor is a building in which manufacturing takes
20 place; and

21 (~~(m)~~) (p) "Wholesaler" means a person who makes "sales at
22 wholesale" as defined in chapter 82.04 RCW of tangible personal
23 property, but "wholesaler" does not include a person who makes sales
24 exempt under RCW 82.04.330.

25 (3)(a) A person claiming an exemption from state tax in the form of
26 a remittance under this section must pay the tax imposed by RCW
27 82.08.020. The buyer may then apply to the department for remittance
28 of all or part of the tax paid under RCW 82.08.020. For grain
29 elevators with bushel capacity of one million but less than two
30 million, the remittance is equal to fifty percent of the amount of tax
31 paid. For warehouses with square footage of two hundred thousand or
32 more and for grain elevators with bushel capacity of two million or
33 more, the remittance is equal to one hundred percent of the amount of
34 tax paid for qualifying construction, materials, service, and labor,
35 and fifty percent of the amount of tax paid for qualifying material-
36 handling equipment and racking equipment, and labor and services
37 rendered in respect to installing, repairing, cleaning, altering, or
38 improving the equipment. For grain exporting facilities with bushel

1 capacity in excess of three million, the remittance is equal to one
2 hundred percent of the amount of tax paid on grain exporting facility
3 equipment and grain exporting facility structures.

4 (b) The department shall determine eligibility under this section
5 based on information provided by the buyer and through audit and other
6 administrative records. The buyer shall on a quarterly basis submit an
7 information sheet, in a form and manner as required by the department
8 by rule, specifying the amount of exempted tax claimed and the
9 qualifying purchases or acquisitions for which the exemption is
10 claimed. The buyer shall retain, in adequate detail to enable the
11 department to determine whether the equipment or construction meets the
12 criteria under this section: Invoices; proof of tax paid; documents
13 describing the material-handling equipment and racking equipment and
14 grain exporting facility equipment; location and size of warehouses
15 ~~((and)),~~ grain elevators, and grain exporting facilities; and
16 construction invoices and documents.

17 (c) The department shall on a quarterly basis remit exempted
18 amounts to qualifying persons who submitted applications during the
19 previous quarter.

20 (4) Warehouses, grain elevators, ~~((and))~~ grain exporting
21 facilities, material-handling equipment and racking equipment, and
22 grain exporting facility equipment for which an exemption, credit, or
23 deferral has been or is being received under chapter 82.60, 82.62, or
24 82.63 RCW or RCW 82.08.02565 or 82.12.02565 are not eligible for any
25 remittance under this section. ~~((Warehouses and grain elevators upon~~
26 ~~which construction was initiated before May 20, 1997, are not eligible~~
27 ~~for a remittance under this section.))~~

28 (5) The lessor or owner of a warehouse ~~((or))~~ grain elevator, or
29 grain exporting facility is not eligible for a remittance under this
30 section unless the underlying ownership of the warehouse ~~((or))~~ grain
31 elevator, or grain exporting facility and the material-handling
32 equipment and racking equipment and grain exporting facility equipment
33 vests exclusively in the same person, or unless the lessor by written
34 contract agrees to pass the economic benefit of the remittance to the
35 lessee in the form of reduced rent payments.

36 **Sec. 4.** RCW 82.12.820 and 2003 c 5 s 13 are each amended to read
37 as follows:

1 (1) Wholesalers or third-party warehouse owners who own or operate
2 warehouses (~~(or)~~), grain elevators, or grain exporting facilities and
3 retailers who own or operate distribution centers, and who have paid
4 the tax levied under RCW 82.12.020 on:

5 (a) Material-handling equipment and racking equipment, grain
6 exporting facility equipment, and labor and services rendered in
7 respect to installing, repairing, cleaning, altering, or improving the
8 equipment; or

9 (b) Materials incorporated in the construction of a warehouse
10 (~~(or)~~), grain elevator, or grain exporting facility are eligible for an
11 exemption on tax paid in the form of a remittance or credit against tax
12 owed. The amount of the remittance or credit is computed under
13 subsection (2) of this section and is based on the state share of use
14 tax.

15 (2)(a) A person claiming an exemption from state tax in the form of
16 a remittance under this section must pay the tax imposed by RCW
17 82.12.020 to the department. The person may then apply to the
18 department for remittance of all or part of the tax paid under RCW
19 82.12.020. For grain elevators with bushel capacity of one million but
20 less than two million, the remittance is equal to fifty percent of the
21 amount of tax paid. For warehouses with square footage of two hundred
22 thousand and for grain elevators with bushel capacity of two million or
23 more, the remittance is equal to one hundred percent of the amount of
24 tax paid for qualifying construction materials, and fifty percent of
25 the amount of tax paid for qualifying material-handling equipment and
26 racking equipment. For grain exporting facilities with bushel capacity
27 in excess of three million, the remittance is equal to one hundred
28 percent of the amount of tax paid on grain exporting facility equipment
29 and grain exporting facility structures.

30 (b) The department shall determine eligibility under this section
31 based on information provided by the buyer and through audit and other
32 administrative records. The buyer shall on a quarterly basis submit an
33 information sheet, in a form and manner as required by the department
34 by rule, specifying the amount of exempted tax claimed and the
35 qualifying purchases or acquisitions for which the exemption is
36 claimed. The buyer shall retain, in adequate detail to enable the
37 department to determine whether the equipment or construction meets the
38 criteria under this section: Invoices; proof of tax paid; documents

1 describing the material-handling equipment and racking equipment and
2 grain exporting facility equipment; location and size of warehouses, if
3 applicable; and construction invoices and documents.

4 (c) The department shall on a quarterly basis remit or credit
5 exempted amounts to qualifying persons who submitted applications
6 during the previous quarter.

7 (3) Warehouse, grain elevators, ~~((and))~~ grain exporting facilities,
8 material-handling equipment and racking equipment, and grain exporting
9 facility equipment for which an exemption, credit, or deferral has been
10 or is being received under chapter 82.60, ~~((82.61,))~~ 82.62, or 82.63
11 RCW or RCW 82.08.02565 or 82.12.02565 are not eligible for any
12 remittance under this section. ~~((Materials incorporated in warehouses~~
13 ~~and grain elevators upon which construction was initiated prior to May~~
14 ~~20, 1997, are not eligible for a remittance under this section.))~~

15 (4) The lessor or owner of the warehouse ~~((or))~~, grain elevator, or
16 grain exporting facility is not eligible for a remittance or credit
17 under this section unless the underlying ownership of the warehouse
18 ~~((or))~~, grain elevator, or grain exporting facility and material-
19 handling equipment and racking equipment and grain exporting facility
20 equipment vests exclusively in the same person, or unless the lessor by
21 written contract agrees to pass the economic benefit of the exemption
22 to the lessee in the form of reduced rent payments.

23 (5) The definitions in RCW 82.08.820 apply to this section.

24 **Sec. 5.** RCW 82.12.820 and 2005 c 513 s 12 are each amended to read
25 as follows:

26 (1) Wholesalers or third-party warehouse owners who own or operate
27 warehouses ~~((or))~~, grain elevators, or grain exporting facilities, and
28 retailers who own or operate distribution centers, and who have paid
29 the tax levied under RCW 82.12.020 on:

30 (a) Material-handling equipment and racking equipment, grain
31 exporting facility equipment, and labor and services rendered in
32 respect to installing, repairing, cleaning, altering, or improving the
33 equipment; or

34 (b) Materials incorporated in the construction of a warehouse
35 ~~((or))~~, grain elevator, or grain exporting facility are eligible for an
36 exemption on tax paid in the form of a remittance or credit against tax

1 owed. The amount of the remittance or credit is computed under
2 subsection (2) of this section and is based on the state share of use
3 tax.

4 (2)(a) A person claiming an exemption from state tax in the form of
5 a remittance under this section must pay the tax imposed by RCW
6 82.12.020 to the department. The person may then apply to the
7 department for remittance of all or part of the tax paid under RCW
8 82.12.020. For grain elevators with bushel capacity of one million but
9 less than two million, the remittance is equal to fifty percent of the
10 amount of tax paid. For warehouses with square footage of two hundred
11 thousand or more, other than cold storage warehouses, and for grain
12 elevators with bushel capacity of two million or more, the remittance
13 is equal to one hundred percent of the amount of tax paid for
14 qualifying construction materials, and fifty percent of the amount of
15 tax paid for qualifying material-handling equipment and racking
16 equipment. For cold storage warehouses with square footage of twenty-
17 five thousand or more, the remittance is equal to one hundred percent
18 of the amount of tax paid for qualifying construction, materials,
19 service, and labor, and one hundred percent of the amount of tax paid
20 for qualifying material-handling equipment and racking equipment, and
21 labor and services rendered in respect to installing, repairing,
22 cleaning, altering, or improving the equipment. For grain exporting
23 facilities with bushel capacity in excess of three million, the
24 remittance is equal to one hundred percent of the amount of tax paid on
25 grain exporting facility equipment and grain exporting facility
26 structures.

27 (b) The department shall determine eligibility under this section
28 based on information provided by the buyer and through audit and other
29 administrative records. The buyer shall on a quarterly basis submit an
30 information sheet, in a form and manner as required by the department
31 by rule, specifying the amount of exempted tax claimed and the
32 qualifying purchases or acquisitions for which the exemption is
33 claimed. The buyer shall retain, in adequate detail to enable the
34 department to determine whether the equipment or construction meets the
35 criteria under this section: Invoices; proof of tax paid; documents
36 describing the material-handling equipment and racking equipment and
37 grain exporting facility equipment; location and size of warehouses, if
38 applicable; and construction invoices and documents.

1 (c) The department shall on a quarterly basis remit or credit
2 exempted amounts to qualifying persons who submitted applications
3 during the previous quarter.

4 (3) Warehouse, grain elevators, ~~((and))~~ grain exporting facilities,
5 material-handling equipment and racking equipment, and grain exporting
6 facility equipment for which an exemption, credit, or deferral has been
7 or is being received under chapter 82.60, ~~((82.61,))~~ 82.62, or 82.63
8 RCW or RCW 82.08.02565 or 82.12.02565 are not eligible for any
9 remittance under this section. ~~((Materials incorporated in warehouses
10 and grain elevators upon which construction was initiated prior to May
11 20, 1997, are not eligible for a remittance under this section.))~~

12 (4) The lessor or owner of the warehouse ~~((or))~~, grain elevator, or
13 grain exporting facility is not eligible for a remittance or credit
14 under this section unless the underlying ownership of the warehouse
15 ~~((or))~~, grain elevator, or grain exporting facility and material-
16 handling equipment and racking equipment and grain exporting facility
17 equipment vests exclusively in the same person, or unless the lessor by
18 written contract agrees to pass the economic benefit of the exemption
19 to the lessee in the form of reduced rent payments.

20 (5) The definitions in RCW 82.08.820 apply to this section.

21 **Sec. 6.** RCW 82.12.820 and 2006 c 354 s 13 are each amended to read
22 as follows:

23 (1) Wholesalers or third-party warehouse owners who own or operate
24 warehouses ~~((or))~~, grain elevators, or grain exporting facilities, and
25 retailers who own or operate distribution centers, and who have paid
26 the tax levied under RCW 82.12.020 on:

27 (a) Material-handling equipment and racking equipment, grain
28 exporting facility equipment, and labor and services rendered in
29 respect to installing, repairing, cleaning, altering, or improving the
30 equipment; or

31 (b) Materials incorporated in the construction of a warehouse
32 ~~((or))~~, grain elevator, or grain exporting facility are eligible for an
33 exemption on tax paid in the form of a remittance or credit against tax
34 owed. The amount of the remittance or credit is computed under
35 subsection (2) of this section and is based on the state share of use
36 tax.

1 (2)(a) A person claiming an exemption from state tax in the form of
2 a remittance under this section must pay the tax imposed by RCW
3 82.12.020 to the department. The person may then apply to the
4 department for remittance of all or part of the tax paid under RCW
5 82.12.020. For grain elevators with bushel capacity of one million but
6 less than two million, the remittance is equal to fifty percent of the
7 amount of tax paid. For warehouses with square footage of two hundred
8 thousand or more and for grain elevators with bushel capacity of two
9 million or more, the remittance is equal to one hundred percent of the
10 amount of tax paid for qualifying construction materials, and fifty
11 percent of the amount of tax paid for qualifying material-handling
12 equipment and racking equipment. For grain exporting facilities with
13 bushel capacity in excess of three million, the remittance is equal to
14 one hundred percent of the amount of tax paid on grain exporting
15 facility equipment and grain exporting facility structures.

16 (b) The department shall determine eligibility under this section
17 based on information provided by the buyer and through audit and other
18 administrative records. The buyer shall on a quarterly basis submit an
19 information sheet, in a form and manner as required by the department
20 by rule, specifying the amount of exempted tax claimed and the
21 qualifying purchases or acquisitions for which the exemption is
22 claimed. The buyer shall retain, in adequate detail to enable the
23 department to determine whether the equipment or construction meets the
24 criteria under this section: Invoices; proof of tax paid; documents
25 describing the material-handling equipment and racking equipment and
26 grain exporting facility equipment; location and size of warehouses, if
27 applicable; and construction invoices and documents.

28 (c) The department shall on a quarterly basis remit or credit
29 exempted amounts to qualifying persons who submitted applications
30 during the previous quarter.

31 (3) Warehouse, grain elevators, ~~((and))~~ grain exporting facilities,
32 material-handling equipment and racking equipment, and grain exporting
33 facility equipment for which an exemption, credit, or deferral has been
34 or is being received under chapter 82.60, 82.62, or 82.63 RCW or RCW
35 82.08.02565 or 82.12.02565 are not eligible for any remittance under
36 this section. ~~((Materials incorporated in warehouses and grain~~
37 ~~elevators upon which construction was initiated prior to May 20, 1997,~~
38 ~~are not eligible for a remittance under this section.))~~

1 (4) The lessor or owner of the warehouse ((~~or~~)), grain elevator, or
2 grain exporting facility is not eligible for a remittance or credit
3 under this section unless the underlying ownership of the warehouse
4 ((~~or~~)), grain elevator, or grain exporting facility and material-
5 handling equipment and racking equipment and grain exporting facility
6 equipment vests exclusively in the same person, or unless the lessor by
7 written contract agrees to pass the economic benefit of the exemption
8 to the lessee in the form of reduced rent payments.

9 (5) The definitions in RCW 82.08.820 apply to this section.

10 NEW SECTION. **Sec. 7.** Sections 1 and 4 of this act are necessary
11 for the immediate preservation of the public peace, health, or safety,
12 or support of the state government and its existing public
13 institutions, and take effect immediately.

14 NEW SECTION. **Sec. 8.** Sections 2 and 5 of this act are necessary
15 for the immediate preservation of the public peace, health, or safety,
16 or support of the state government and its existing public
17 institutions, and take effect July 1, 2007.

18 NEW SECTION. **Sec. 9.** Sections 3 and 6 of this act take effect
19 July 1, 2012.

20 NEW SECTION. **Sec. 10.** Sections 1 and 4 of this act expire July 1,
21 2007.

22 NEW SECTION. **Sec. 11.** Sections 2 and 5 of this act expire July 1,
23 2012.

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